

REMARKS

Applicants have amended claims 75, 76, 78-83, 85, 88, 92, 94, 97, and 101 as set forth above. No new matter has been added by way of these amendments. In view of the above amendments and the following remarks, reconsideration of the outstanding office action is respectfully requested.

The Office has rejected claims 75-101 under 35 U.S.C. 101 asserting the claims are directed to non-statutory subject matter because they recite a process comprising the steps of performing, allocating and providing. The Office asserts that based on Supreme Court precedent, a proper process must be tied to another statutory class or transform underlying subject matter to a different state or thing (*Diamond v. Diehr*, 45 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cachrane v. Deener*, 94 U.S. 780, 787-88 (1876)). The Office asserts that since neither of these requirements is met by the claim, the method is not considered a patent eligible process under 35 U.S.C. 101. The Office asserts that to qualify as a statutory process, the claim should positively recite the other statutory class to which it is tied, for example by identifying the apparatus that accomplished the method steps or positively reciting the subject matter that is being transformed, for example by identifying the material that is being changed to a different state.

As set forth in, *In re Bilski*, 545 F.3d 943, 88 U.S.P.Q.2d 1385 (Fed. Cir. 2008), “A claimed process is surely patent-eligible under § 101 if: (1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing.” Accordingly with respect to claims 75-83, Applicants have amended the claims as set forth above to now clearly tie the process to a particular machine or apparatus, i.e. a triggering system, an assessment processing system and a communication system. With respect to claims 84-101, Applicants are unsure if the inclusion of these claims was merely a typographical error on the part of the Office which it appears only intended to reject claims 75-83 since these are the only process claims and claims 84-101 are product claims. More specifically, with respect to claims 84-92 these claims are Beauregard claims and as set forth in, *Ex parte Bo Li*, Appeal 2008-1213 (BPAI 2008) (which was decided after *In re Bilski*), “It has been the practice for a number of years that a “Beauregard Claim” of this nature be considered statutory at the USPTO as a product claim.” With respect to claims 93-101, these claims are product claims reciting, *inter alia*, a system comprising a triggering system,

assessment processing system, and a communication system as claimed which are clearly statutory subject matter as product claims. In view of the foregoing amendments and remarks, the Office is respectfully requested to reconsider and withdraw this rejection.

The Office has also rejected claims 75-101 under 35 U.S.C. 103(a) as being unpatentable over US Patent No. 5,704,045 to King et al (King) in view of US Patent No. 6,604,080 to Kern (Kern).

Neither King nor Kern, alone or in combination, disclose or suggest, “determining with an assessment processing system when an assessment of at least one insolvency fund associated with a plurality of insurers is needed based on one or more triggers” as recited in claim 75, “determining when an assessment of at least one insolvency fund associated with a plurality of insurers is needed based on one or more triggers” as recited in claim 84, or “a triggering system that determines when an assessment of at least one insolvency fund associated with a plurality of insurers is needed based on one or more triggers” as recited in claim 93.

The Office has asserted, King at col. 5, lines 45-67, “discloses a method for performing the assessment of the at least one insolvency fund based on one or more factors when the determining determines the assessment is needed.” Additionally, the Office has asserted that, “King does not explicitly disclose that the method having an assessment comprising: determining when an assessment of at least one insolvency fund associated with a plurality of insurers is needed based on one or more triggers.” Accordingly, it appears the Office is asserting King does not disclose or suggest the one or more triggers which are used to determine when an assessment of the insolvency fund is needed. Contrary to the Office’s assertions col.19, lines 55-67 to col.20, line 19 in Kern does not disclose or suggest, “determining when an assessment of at least one insolvency fund associated with a plurality of insurers is needed based on one or more triggers.” For the Office’s convenience col. 19, line 55 to col. 20, line 11 in Kern is set forth below:

Further, with regard to the understanding that the employer is in all plans the ultimate responsible party to provide workers' compensation benefits to injured employees in the "compulsory states," the severing of Part A and Part B to a standard workers' compensation policy gives the least exposure to the employer. Under state law, the insurance company is liable to the injured employee. If the insurance company should fail, then the state guarantee fund becomes liable. Then, if the guarantee fund should not pay,

the employer must do so. Contrast this with group self-insurance or assessable mutuals, where first the premium pool pays, and, if it becomes insolvent, then all member employers are jointly and severally liable or pro rata liable for all other members' workers' compensation obligation to its injured employees (in those majority of states that do not have guarantee funds or group insurance). In individual self-insurance, the individual employer already pays first dollar up to a retention limit, then the excess insurance begins to pay. In ERISA plans, depending on the structure of the plan, and in Twenty-Four Hour Coverage plans, depending on the states various laws, it is difficult to legally determine if guaranty funds would have to legally be obligated to pay in the event of insolvency of participating insurance carriers. (Emphasis Added)

As illustrated above, there simply is no mention or suggestion in Kern of any trigger to determine an assessment of any of these payment sources, i.e. there is no discussion or suggestion of a trigger that would determine when an assessment of the insurance company, the state guarantee fund or the employer is needed. Kern simply discusses the order of who is responsible for payment if a prior entity should fail, e.g. the insurance company then the state guarantee fund and then the employer or in other word when a payment source runs out you move to the next source. Kern teaches and suggests moving to the next source when a prior one cannot pay, not assessing any of these sources or discussing or mentioning any triggers used to determine when such an assessment of one of these payments sources is needed. Accordingly, even if King is taken in view of Kern as suggested by the Office, at most it would simply teach or suggest the order in which payments from different sources would proceed should one fail to pay, but would make no mention or suggestion of any triggers to determine an assessment of any of these sources is needed as claimed.

Additionally, neither King nor Kern, disclose or suggest, “performing the assessment of the at least one insolvency fund based on one or more factors when the determining determines the assessment is needed” as recited in claim 75, “performing the assessment of the at least one insolvency fund based on one or more factors when the determining determines the assessment is needed” as recited in claim 84, or “an assessment processing system that performs the assessment of the at least one insolvency fund based on one or more factors when the determining determines the assessment is needed and allocates a member assessment amount to each of the plurality of insurers based on the performed assessment” as recited in claim 93.

Contrary to the Office's assertions col. 10, lines 1-29 in King does not disclose or suggest performing the assessment of the at least one insolvency fund based on one or more factors when the determining determines the assessment is needed. For the Office's convenience, col. 10, lines 1-29 is set forth below:

The underwriter's primary task is the analysis of risks, establishment of policy limits, determination of appropriate premiums, and recommendation of policy issuance. Upon receipt of a request for quotation,(4) a detailed report analyzing the proposed risk is prepared with the assistance of a data processing program which compares the proposed risk to a set of underwriting guidelines broadly designed to assure compliance with specific program objectives, capital matching limitations, and system constraints. A key element of this comparative data system is an interactive pricing model which takes into consideration program guidelines, current and projected market interest rates, an assessment of projected losses, equity and debt return expectations, various cost and profit objective factors and other information necessary to determine the amount of capital matching support required to accept the proposed risk and the minimum premium level which would justify its acceptance. It also analyzes the underwriter's current portfolio of business and capital matching capacity.(5)

The underwriter may then respond via electronic means as to whether or not the underwriter is prepared to recommend the acceptance of the risk and at what price.(6) Since various underwriters may tailor their programs differently, more particularly the diversification profile of risks they assume, their cost of capital matching (returns investors expect for the use of capital allocated to risks underwritten by an underwriter), costs of underwriting, and profit expectations can vary substantially. Thus requesting a quote from several underwriters may result in a variety of preliminary indications.

As illustrated above in this section of King, there simply is no mention or suggestion of performing the assessment of the at least one insolvency fund based on one or more factors when the determining determines the assessment is needed. Instead, this section of King is focused on the functions of an underwriter who analyzes risks for a potential policy, establishes policy limits, determines appropriate premiums, and recommends policy issuance. In other words, this section in King deals with an underwriter who establishes insurance policies. However, there is no discussion or suggestion in King of the underwriter performing an assessment of an insolvency fund. Like King, Kern also does not teach or suggest performing the assessment of the at least one insolvency fund based on one or more factors when the determining determines the assessment is needed.

Accordingly, in view of the forgoing amendments and remarks, the Office is respectfully requested to reconsider and withdraw the rejection of claims 75, 84, and 93.

Since claims 76-82 depend from and contain the limitations of claim 75, and claims 85-92 depend from and contain the limitations of claim 84, and claims 94-101 depend from and contain the limitations of claim 93, they are distinguishable over the cited references and are patentable in the same manner as claims 75, 84, and 93.

Additionally, neither King nor Kern, alone or in combination, disclose or suggest, “wherein the one or more triggers comprise an insolvency of at least one of the plurality of insurers, a size of an insolvency of at least one of the plurality of insurers above an insolvency amount threshold, a current total amount in the at least one insolvency fund below a threshold amount, and an expiration of a first set period of time” as recited in claim 76, 85, or 94.

As discussed in great detail above, the Office has acknowledged that King does not disclose or suggest the one or more triggers and thus could not disclose or suggest any of the specific triggers recited in claims 76, 85, or 94. Additionally and contrary to the Office’s assertions, col. 20, lines 1-20 in Kern does not disclose or suggest, “wherein the one or more triggers comprise an insolvency of at least one of the plurality of insurers, a size of an insolvency of at least one of the plurality of insurers above an insolvency amount threshold, a current total amount in the at least one insolvency fund below a threshold amount, and an expiration of a first set period of time.” First, as discussed in greater detail above, Kern makes no mention or suggestion of any triggers and instead merely discloses and suggests the order in which payment is made if a source of payment should fail. Second, there simply is no mention or suggestion in the cited section in Kern at col. 20, lines 1-20 or elsewhere of triggers comprising a size of an insolvency of at least one of the plurality of insurers above an insolvency amount threshold, a current total amount in the at least one insolvency fund below a threshold amount, and an expiration of a first set period of time in addition to an insolvency of at least one of the plurality of insurers as claimed.

Accordingly, in view of the forgoing amendments and remarks, the Office is respectfully requested to reconsider and withdraw the rejection of claims 76, 85, and 94. Since claim 77 depends from and contains the limitations of claim 76, and claim 86 depends from and contains the limitations of claim 85, and claims 95 depends from and contains the limitations of claim 94, they are distinguishable over the cited references and are patentable in the same manner as claims 76, 85, and 94.

Further, neither King nor Kern, alone or in combination, disclose or suggest, “wherein the one or more factors comprise at least one of one or more state rules and one or more state statutes relating to an insurance insolvency” as recited in claim 79, 88, and 97.

The Office has acknowledged King does not disclose or suggest one or more factors comprise at least one of one or more state rules and one or more state statutes relating to an insurance insolvency. Applicants assume the Office’s citation to col.23, lines 48-67 to col.3, line 27 in Kern is a typographical error and the Office intend to cite to col. 2, line 48 to col. 3, line 27 in Kern. Contrary to the Office’s assertions col. 2, line 48 to col. 3, line 27 does not disclose or suggest that the one or more factors comprise at least one of one or more state rules and one or more state statutes relating to an insurance insolvency. For the Office’s convenience col. 2, line 48 to col. 3, line 27 in Kern is set forth below:

Statutory efforts known as "employers liability laws" were made to diminish or remove some of the employers common-law defenses so that the injured worker would stand a better chance in court. This legislation could be classified in three categories: (1) statutes denying the right of employers and workers to sign contracts relieving the employer of liability for accidents as a condition of employment, and twenty-seven states had legislated against such practice by 1908; (2) statutes extending the right of suit in death cases, and by 1904, 41 jurisdictions had such statutes; and (3) statutes abrogating or modifying the common-law defenses. But by the end of the nineteenth century, a coincidence of increasing industrial injuries and decreasing remedies had produced in the United States a situation ripe for radical change. Thus, when a full account of a German system for compensating injured employees, written in 1893 by John Graham Brooks, was published as the Fourth Special Report of the Commissioner of Labor, legislators all over the country seized upon it as a cue to the direction which efforts at reform might take. *Workers' Compensation Law: Cases, Materials and Text*, by Arthur Larson, published in 1984 by Mathew Bender, New York, N.Y. For example, the Federal Employers Liability Act, adopted in 1908 and applicable to railway employees engaged in interstate commerce, amounted to a codification of statutory improvements up to that time and was an important step forward.

In Chicago in 1910, a conference was attended by representatives of the commissions of the legislatures of Massachusetts, Minnesota, New Jersey, Connecticut, Ohio, Illinois, Wisconsin, Montana, and Washington. And at that conference, a Uniform Workers' Compensation Law as drafted. Although the state acts which followed were anything but uniform, the discussions at this conference did much to set the fundamental pattern of legislation. See *Workmen's Compensation--Prevention, Insurance and Rehabilitation of Occupational Disability*, by Herman Miles Somers, Anne Ramsey Somers, published by John Wiley & Sons, Inc., New York, and

Chapman & Hall, Limited, London.

As to actual enactments, the first New York act was passed in 1910. The act had compulsory coverage of certain "hazardous employments." However, the act was held unconstitutional in 1911 by a Court of Appeals, on the ground that the imposition of liability without fault upon the employer was without due process of law under the state and federal constitutions.

As illustrated above, this section in Kern cited to by the Office is nothing more than a disclosure of employer liability laws. There simply is no mention or suggestion in Kern how any of these statutes would be a factor in performing any assessment of an insolvency fund. To even further clarify, Applicants have amended dependent claims 79, 88, and 97 to recite that the one or more factors comprise at least one of one or more state rules and one or more state statutes relating to an insurance insolvency. Accordingly, even if King is taken in view of Kern as suggested by the Office, at most it would simply teach or suggest a number of employer liability laws, but would provide no mention or suggestion of how any of these statutes in Kern which are related to employer liability laws, not insurance insolvency would be a factor in performing any assessment of an insolvency fund. Additionally, as discussed in great detail above, King does not disclose or suggest of performing an assessment of at least one insolvency fund based on one or more factors.

Even further, neither King nor Kern, alone or in combination, disclose or suggest, "receiving with the communication system a reversal notification from at least one of the plurality of insurers; and reinstating with the assessment processing system the prior member assessment amount to each of the plurality of insurers in response to the received reversal notification" as recited in claim 83, "receiving a reversal notification from at least one of the plurality of insurers; and reinstating the prior member assessment amount to each of the plurality of insurers in response to the received reversal notification" as recited in claim 92, or "wherein the communication system receives a reversal notification from at least one of the plurality of insurers and the assessment processing system reinstates the prior member assessment amount to each of the plurality of insurers in response to the received reversal notification" as recited in claim 101. Contrary to the Office assertions King does not disclose receiving a reversal notification from at least one of the plurality of insurers at col.5, lines 45-67 or col.6, lines 15-63 and does not disclose reinstating the prior member assessment amount to each of the plurality of insurers in response to the received reversal notification at col.5, lines 45-67 or col.6, lines 15-63. In fact, a search of both King and

Kern does not reveal any disclosure or suggestion of any reversal or reinstatement as claimed. Accordingly, in view of the forgoing amendments and remarks, the Office is respectfully requested to reconsider and withdraw the rejection of claims 83, 92, 101.

In view of all of the foregoing, Applicants submit that this case is in condition for allowance and such allowance is earnestly solicited.

Respectfully submitted,

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